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ABSTRACT

The Western Policy Exchange Project is designed to help states assess the implications of environmental changes on their own higher education system. In roundtables and policy workshops, six Western states--Idaho, Montana, New Mexico, South Dakota, Arizona, and Washington--looked for evidence of systemic change and proposed the following five hypotheses about how states change in purposeful ways: (1) changing the performance of state higher education systems requires coordinated leadership from elected and appointed officials, gubernatorial support, and a framework that involves public and private partnerships; (2) reliable and credible information about constituency needs is a prerequisite to establishing priorities that extend beyond problem-fixing; (3) development of consensus among key stakeholders about the nature of performance gaps and the most promising strategies for addressing them is critical; (4) to achieve purposeful and consistent change, incentives and disincentives in the state policy environment must support state priorities; and (5) to achieve purposeful and consistent improvement in performance of higher education systems, a statewide agency must be charged with collecting information about needs and performance and with using that information to build consensus about needed change. (Contains 23 references.) (CH)

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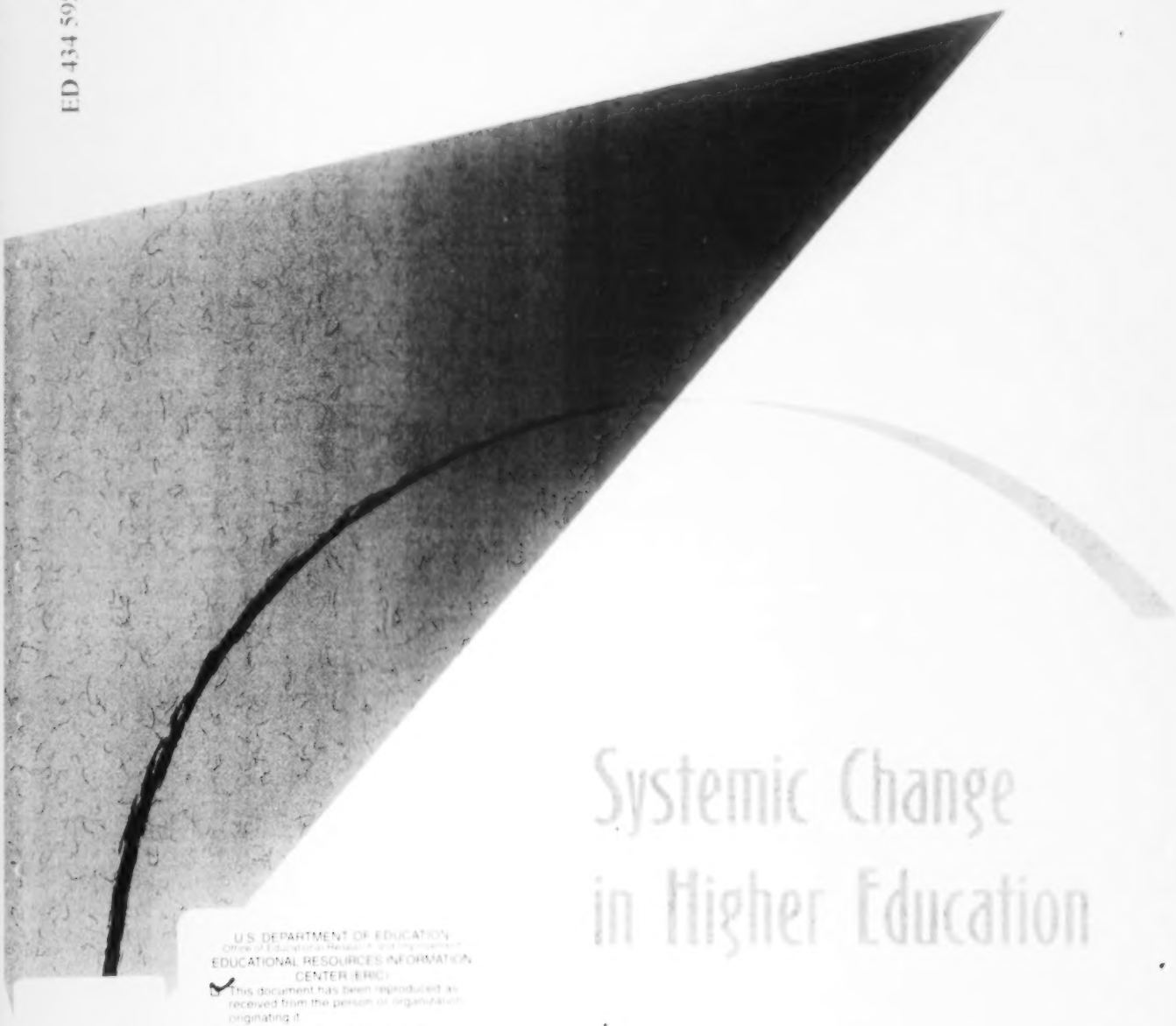

Systemic Change in Higher Education

by

Dr. Richard C. Richardson Jr.

Consultant

June 1999

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WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION

WESTERN POLICY EXCHANGE PROJECT

Systemic Change in Higher Education

Submitted by
Richard C. Richardson Jr.
Policy Advisor

Supported by a grant from the W. K. Kellogg Foundation

June 1999

Western Interstate Commission for Higher Education

The Western Interstate Commission for Higher Education (WICHE) is a public, interstate agency established to promote and to facilitate resource sharing, collaboration, and cooperative planning among the western states and their colleges and universities. Member and affiliated states are:

Alaska	Idaho	Oregon
Arizona	Montana	South Dakota
California	Nevada	Utah
Colorado	New Mexico	Washington
Hawaii	North Dakota	Wyoming

WICHE's broad objectives are to:

- Strengthen educational opportunities for students through expanded access to programs,
- Assist policymakers in dealing with higher education and human resource issues through research and analysis,
- Foster cooperative planning, especially that which targets the sharing of resources.

This publication was prepared by the Office of Policy and Information, which is involved in the research, analysis, and reporting of information on public policy issues of concern in the WICHE states. A grant from the W. K. Kellogg Foundation provided partial funding for our Western Policy Exchange project described in this report. For further information, please contact Cheryl D. Blanco, Director, Policy and Information, P.O. Box 9752, Boulder, CO 80301-9752; Telephone: (303) 541-0224; FAX: (303) 541-0291.

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Table of Contents

Executive Summary 1

I. Introduction 3

II. Systemic Change 7

III. Purposeful Change: The Experiences of Selected States 11

IV. A Summary of Evidence of Systemic Change in Participating States 23

V. Concluding Observations 25

Endnotes 27

Executive Summary

The Western Policy Exchange Project began with the 1996 San Diego Regional Policy Workshop, where teams from each Western state participated in sessions designed to inform them about environmental changes. Participants were asked to assess the implications for their own higher education systems. Based on these assessments and other state interests, Idaho, Montana, New Mexico, and South Dakota agreed to sponsor roundtables in 1997 focused on testing the level of consensus about the need for change in selected issue areas. These states were joined in 1998 by Arizona and Washington.

States came to the Western Policy Exchange project with very different demographics, histories, economies, policy environments, and system designs. They also came with considerable variance in expressed needs for systemic change and in readiness to engage in change activities. Four states conducted roundtables for two years while two other states conducted them for one. This paper was written to help those involved with the project, as well as a larger potential audience, develop a common understanding of how state higher education systems change in purposeful ways.

Based on the literature and the experiences of participating states, the project developed five questions that were used to look for evidence of systemic change in the six states that completed at least one roundtable:

- To what extent did the change effort examine system performance in relation to stakeholder expectations?
- To what extent did the change effort consider the need for support from the policy environment?
- To what extent did the change effort consider system design as a key element in improving performance?
- To what extent did the change effort lead to an action agenda that identified any modifications in policy environment or system design required for improved performance?
- To what extent did the change effort build consensus among key stakeholders about the need for change and the actions required to bring it about?

Based on the experiences of the roundtable states that conducted roundtables, the paper proposes five hypotheses about how states change in purposeful ways:

- Changing the performance of state higher education systems in more than incremental ways requires coordinated leadership from elected and appointed officials focused around a priority agenda and sustained over time. Gubernatorial support and commitment to working within some framework involving public and private partnerships are key elements.
- Reliable and credible information about constituency needs and higher education performance is a prerequisite to establishing priorities that extend beyond the problem-fixing associated with disjointed, incremental initiatives.
- Developing consensus among key stakeholders about the nature of performance gaps and the most promising strategies for addressing them is a critical step in the systemic change process.

- Incentives and disincentives in the state policy environment must be aligned with and support state priorities for consistent and purposeful change. If state funding policies focus on enrollments, institutions are likely to invest more of their time and resources in recruiting than in graduating students. State policies aimed at maintaining institutional assets in the absence of accountability structures linked to state priorities leave institutions free to focus on research rather than undergraduate instruction.
- To become involved in the purposeful and consistent improvement in the performance of their higher education systems, states need a design in which some statewide agency is charged with the ongoing responsibility for collecting information about needs and performance and for using that information to build consensus among stakeholders about needed change.

No single change process can serve all states equally well. States with unified higher education systems (Idaho, Montana, South Dakota) have a single executive charged with responsibility for managing higher education and for building consensus among elected leaders about the need for change. In unified states, roundtables were clearly effective tools for developing consensus about the need for changing system performance and for identifying the strategies most likely to bring change about.

States with a federal design (Washington) have a statewide agency charged with assessing performance and developing change agendas on a continuing basis. In such states, roundtables served both as a response to an unusual development and as a vehicle for encouraging institutions to devote greater attention to the implementation of changes about which there was already some consensus.

In segmented states (Arizona, New Mexico) where no single agency is formally charged with developing an action agenda for all of higher education, roundtables served as an effective strategy for bringing the major players together around issues where there was clear consensus about priority and need for change.

For all higher education systems, purposive change takes time. Purposeful change begins with understanding the ways in which current performance falls short of desired performance. Purposeful change proceeds with the understanding that alterations to either the policy environment or to system design must be accompanied by appropriate modifications to the other. Finally, insights about state-level systemic change efforts must be linked to the actions of providers as they adapt to changes in policies or system designs. Not all states confront issues that require systemic change. But all states can benefit from approaching the changes they cannot avoid in more systemic ways. Because change in an age of technology increasingly depends upon regional and interstate coordination, organizations such as the Western Interstate Commission for Higher Education can play a key role in convening leaders to facilitate collaboration and the exchange of information.

I. Introduction

As we approach the end of the 20th century, states are seeking ways to address the demands on higher education resulting from changes in the size and diversity of their populations, the impact of new technologies, shifting skill requirements for the workforce, an increasingly global economy, federal devolution, pressure to reduce taxes and control expenditures, and increasing emphasis on accountability. There is concern that the gap between needed and current performance is wide and getting wider.[1] The task of improving performance is complicated by the expectation that higher education's share of state budgets will continue to decline.

The issues under consideration in many states reflect deep divisions about the goals for higher education as well as the means for attaining them. Some policymakers have challenged the idea that everyone should have the opportunity for a publicly subsidized college education. Others argue that baccalaureate degrees are increasingly a private benefit and students should therefore pay a higher proportion of the costs. Tuition for resident students attending public institutions continues to rise.[2] Arizona, California, Colorado, Montana, Washington, and Utah all have recently adopted loan programs, family college savings plans, or prepaid tuition schemes designed to help students and their parents meet the challenge of rising college costs.

Some elected officials suggest public subsidies for four-year college work should be limited to well-prepared students. The California State University System is now in the third year of a seven-year plan to phase out remedial education. The Board of Trustees of the City University of New York recently approved a plan to phase out all remedial education in baccalaureate institutions. Georgia has linked student aid in its highly popular Hope Scholarships to performance both before and after grants are awarded. Issues of who benefits and who should pay are deeply entangled in growing resistance to the use of racial or ethnic criteria in admissions, employment, or the award of financial aid. Recent voter initiatives ending the use of race, ethnicity and gender in admissions and employment decisions in California and Washington illustrate a trend that many fear will reverse equity gains of the past three decades. Both the rate of change and philosophical differences about how to respond send confused messages to those charged with leading state systems of higher education.

The lack of agreement about goals has increased policymakers' scrutiny of the means. If the system can be made to deliver more with less, it may be possible to reduce public expenditures while continuing to serve most of those who are willing to pay a larger share of the full costs of a college degree. The proposed list of reforms for making higher education more responsive and more efficient includes:

- Less emphasis on research and more on teaching.
- Post-tenure review to eliminate deadwood.
- More extensive and effective use of technology.
- Limiting the number of state-subsidized credits for a degree.
- Greater emphasis on competency-based and proficiency-based learning.
- Credit by examination.
- Use of low-cost community colleges to award baccalaureate degrees.

- Improved articulation between two- and four-year institutions.
- Better K-12 linkages to higher education.
- Stronger school-to-work connections.

Faculty members are at best ambivalent about many of these reforms, seeing in them threats to traditions they value.

The Western Policy Exchange (WPE) Project was designed on the principle that the changes necessary for responding to such issues can best be accomplished by a public policy decision-making process.[3] The project began with the 1996 San Diego Regional Policy Workshop, where teams from each Western state participated in sessions designed to inform them about environmental changes and where they were asked to assess the implications for their own higher education systems. Based on these assessments and other state interests, Idaho, Montana, New Mexico, and South Dakota agreed to sponsor roundtables focused on testing the level of consensus about the need for systemic change in selected issue areas. By the end of 1997, all four had held at least one roundtable. New Mexico and South Dakota had completed two. These states were joined in 1998 by Arizona and Washington, which have since each completed two roundtables. Idaho, New Mexico, and South Dakota held additional roundtables in 1998.

To assist state teams in understanding issues and developing responses, WICHE sponsored two multistate forums during 1997 – focusing on *Transitions, Transfer, and Articulation* and *Endangered Access* – and one in 1998, on *Policy in Transition: Information Technology's Impact on the Financing of Higher Education*. Each forum involved the participation of nationally known authorities as well as leaders from the Western states. The forums were also used to showcase innovations that have unusual promise for coping effectively with the issues the policy forums addressed. Information from the forums became an important source of ideas for state policy leaders, while the roundtables became the principal vehicle for building consensus about the amount and types of change needed by each higher education system. States that completed roundtables are continuing to assess stakeholder sentiment about the need for change or are actively pursuing specific change agendas. The results of their experiences were shared with other states through a regional roundtable summit in June 1999.

States came to the Western Policy Exchange Project with very different demographics, histories, economies, policy environments, and system designs. They also came with considerable variance in expressed needs for systemic change and in readiness to engage in change activities. These differences in context were central to understanding state approaches, levels of involvement, and ultimately outcomes. Four states conducted roundtables for two years, while two other states conducted them for one. Additional Western states participated only in the policy forums or as observers of roundtables conducted in other states. Not surprisingly, states used the project to pursue different goals and achieved quite different outcomes. The central challenge for this paper was to help those involved with the project as well as a larger potential audience develop a common understanding of how state higher education systems change in purposeful ways.

Since the number of observations from which we work are small, we cannot offer the experiences of the states that participated in this project as conclusions in the way we might report the analysis of a larger sample. Instead, we offer hypotheses (our best explanations) that suggest an emerging view of systemic change that can be tested and refined by other states facing challenges similar to those that confronted the participants in this project. Some of the insights in the paper draw on a national study of state higher education systems

conducted by the former California Higher Education Policy Center during a period that overlapped the Western Policy Exchange grant.[4] An American Council on Education (ACE) report on a similar change project focused on higher education institutions, also funded by the W.K. Kellogg Foundation, provided useful information about how colleges and universities approach transformational change.[5]

II. Systemic Change

The Western Policy Exchange Project, like the ACE Project on Leadership and Transformation, has struggled to find terminology and conceptual models that participants could accept and find useful. The project began with the intent of using systemic change as a conceptual model for guiding activity. We initially defined systemic change as the process of aligning public priorities and higher education performance through redesigning structural relationships between state government and providers. We contrasted systemic change with "problem-solving or "defect-removal" initiatives, which aimed at motivating or mandating different approaches to specific issues. We also proposed the idea of a change continuum, anchored on one end by incremental and the other by transformational strategies. The two extremes were distinguished by the degree to which states saw system redesign as a prerequisite to reconciling gaps between current and desired performance. In developing these conceptual approaches to systemic change, we drew on the literature to define higher education systems as inclusive of all degree-granting institutions, both public and independent. We also used the literature to suggest the processes through which state policy leaders could alter performance in desired directions.

We soon learned that participants brought their own views of change to the project and reacted adversely to any suggestion that theory rather than experience should be the primary guide for project design. Some were uneasy with the language of systemic change and did not use it in their respective states out of concern for negative reactions. Interestingly, the concepts underlying the terminology did not concern these participants as much as the language itself. Others reported that concepts related to systemic change accurately reflected the realities of their state systems.[6]

Over the course of the project, both the concepts of systemic change and the language were tested against the experience of participants, producing a less complex and more user-friendly description. The definition that gained the most participant endorsement during the project emphasized:

- Assessing the performance of a state's higher education system to determine if it is consistent with the goals stakeholders believe necessary to meet future needs.
- Appraising whether a state's policy environment supports desired outcomes.
- Evaluating whether a system design provides the necessary tools to produce desired outcomes.
- Developing an action agenda for changing policies or redesigning systems in mutually compatible ways to achieve desired outcomes.

Most participants viewed the effort to find some common denominator for thinking and talking about systemic change as clearly useful. Concerns about the use of systemic change concepts diminished as the project progressed and the model was increasingly grounded in participant experience. Still, some participants argued that any model of change not based on the realities of institutional interactions and politics could never satisfactorily capture the unique characteristics of their particular states. Similarly in the ACE project, some participants argued that "only directives from boards or legislatures or crushing blows delivered by market forces can

counter the inertia of higher education institutions."[7]

While the Western Policy Exchange Project was far more than a series of state roundtables, this paper focuses on the experiences of the six roundtable states because the roundtable process furnished the windows through which observers could gather empirical evidence on state activities designed to produce change. Multi-state forums were central to the roundtable process. Forums provided a catalytic environment for states to consider systemic change. The state caucus meetings held during forums allowed policy leaders to thrash out concerns and to better understand such concepts as assessing performance, appraising whether a state's policy environment supports desired outcomes, evaluating whether system design provides necessary tools, and constructing action agendas. The forums also provided an opportunity for states to float their agendas, scout out new strategies, and network with leaders in other states struggling with change. But it was the roundtables that made the results visible. From our analysis of the visible process and related documents, we generated the following five hypotheses about how states change in purposeful ways:

1. Changing the performance of state higher education systems in more than incremental ways requires coordinated leadership from elected and appointed officials focused around a priority agenda and sustained over time. Gubernatorial support and commitment to working within some framework involving public and private partnerships are key elements.

According to J.B. Burns, most leadership is at all times and everywhere transactional and incremental; that is, unrelated objectives are achieved by swapping one thing for another.[8] Appointed leaders of higher education systems rely almost exclusively on transactional leadership in "moving from routine to creative, responsive activity" but rarely "play a role in transforming leadership." Legislatures "cannot on their own exercise transforming leadership." Even leadership from the political executive [governor] "may be inadequate for sustained and planned social transformation."[9] States where appointed and elected leaders worked most closely together and participated for the longest periods of time exhibited the most evidence of systemic change. The effort to change performance in South Dakota began two years before the Western Policy Exchange Project was initiated. All three of the states exhibiting the most evidence of systemic change during the project (South Dakota, New Mexico, and Idaho) had visible leadership committed to the process both from an appointed system official with defined responsibilities for statewide planning and coordination and from elected members of the legislature. All created or came to the project with a prioritized agenda for change. The two states making the most progress during the project on implementing change (South Dakota and Idaho) had gubernatorial involvement and support. New Mexico made less progress over a comparable period despite similar efforts largely because of the lack of gubernatorial support.

2. Reliable and credible information about constituency needs and higher education performance is a prerequisite to establishing priorities that extend beyond the problem-fixing associated with disjointed, incremental initiatives.

States must know where they are to decide where they need to go.[10] All four of the states participating during the first year of the roundtables (Idaho, Montana, New Mexico and South Dakota) either had information about performance as part of

the ongoing activities of a statewide board or commission or developed it with the assistance of the National Center for Higher Education Management Systems (NCHEMS) or WICHE. All except South Dakota used the first roundtable as an opportunity to share information about selected indicators of performance and to collect information about population needs from either a broad range of participants (Montana and New Mexico) or a specific sector (Idaho). South Dakota had already completed an assessment as part of its participation in the Pew roundtables. Of the two states joining the roundtables in the second year, only Washington gave specific attention to looking broadly at the relationship between performance and needs. Arizona chose to focus on the more narrowly defined problem of K-16 relationships. While New Mexico also chose this topic for a third roundtable, it did so in the context of a broader action agenda developed the previous year.

3. Developing consensus among key stakeholders about the nature of performance gaps and the most promising strategies for addressing them is a critical step in the systemic change process.

Attempting to force a solution developed by experts on an unprepared public produces "stalemate, divisiveness, and polarization."[11] States with the most evidence of involvement in systemic change focused roundtable activity on creating consensus about needed interventions. South Dakota and Idaho convened roundtables with the specific objective of increasing the involvement of elected officials. Both states also conducted roundtables focused on specific constituencies. New Mexico keyed its first two roundtables to the work of its legislative committee on excellence in higher education; its third focused on teacher education and development, a topic where a working consensus on the need for change could be safely assumed. Washington used roundtables to encourage representatives from its higher education community to build greater consensus about how to respond to a changing external environment. The absence of support for broad-based change effectively altered Montana's participation in the roundtable process. Higher education leaders in Arizona chose teacher education in part because elected leaders and other stakeholders had already reached consensus about the need for significant change in this area.

4. Incentives and disincentives in the state policy environment must be aligned with and support state priorities for consistent and purposeful change.

If state funding policies focus on enrollments, institutions are likely to invest more of their time and resources in recruiting than in graduating students. State policies aimed at maintaining institutional assets in the absence of accountability structures linked to state priorities leave institutions free to focus on research rather than undergraduate instruction.

"In almost every nation of the world, governments seek to use market forces as a means of higher education reform."[12] States that conducted roundtables as part of the Western Policy Exchange Project gave explicit attention to the use of state policy incentives to encourage changes in system performance. South Dakota and New Mexico proposed revisions to state funding. These states were joined by Idaho in proposing incentives aimed either at institutions or students to increase enrollments of targeted populations. Washington used an ongoing master planning process to identify strategies for linking policy incentives to state priorities. Montana used strategic planning as a

vehicle for identifying goals and proposing incentives the legislature might adopt. The Arizona legislature adopted a voucher system to encourage private institutions to respond to a projected need for additional student spaces.

5. To become involved in the purposeful and consistent improvement in the performance of their higher education systems, states need a design in which some statewide agency is charged with the ongoing responsibility for collecting information about needs and performance and for using that information to build consensus among stakeholders about needed change.

Three of the four states that chose to participate during the first year of the Western Policy Exchange project's roundtables (Idaho, Montana and South Dakota) have relatively small higher education systems and unified designs. In unified designs, a single board has the authority to speak for all state higher education institutions and to convene higher education leaders to listen to the needs of other stakeholders. The unified boards in all three states had close and effective working relationships with key legislators.

Arizona uses a segmented design in which no statewide agency has effective authority for information, planning, and coordination for all of higher education.[13] Leaders in Arizona chose teacher education as a focus for change efforts primarily because this was a topic where there was already wide consensus about the need for change. In segmented states, competition is the rule and there are few mechanisms for building consensus across institutional boundaries. Higher education performance is influenced primarily through legislative mandates and the politics of institutional interactions as these play out among governing boards and elected leaders in state government. The Arizona roundtable contrasted sharply with business as usual for this state and attracted high levels of participation from key institutional leaders.

New Mexico also has a relatively small higher education system, but its system incorporates elements of both the segmented and federal designs. Like federal states, New Mexico has a statewide commission with statutory responsibilities for budget review and funding recommendations, planning and coordination for all higher education sectors, and maintaining a higher education information system. Like segmented states, New Mexico has a political tradition in which several institutional systems pursue their individual or collective agendas directly with their legislators and the governor. The pursuit of often conflicting objectives by multiple policy-level boards complicates the task of achieving consensus about statewide priorities.

Washington has a larger and more complex higher education system than other roundtable states and uses a federal design, in which responsibilities for collecting information, planning, and promoting collaboration across institutional boundaries are assigned to a statewide coordinating board, while responsibilities for governance are assigned to multiple boards of regents and trustees. The task of building consensus and identifying change strategies in Washington is highly complex and was made more so during this project by the appointment of an outside commission charged by the governor with recommending a vision for higher education in the year 2020.

III. Purposeful Change: The Experiences of Selected States

The performance of state higher education systems depends upon the interrelationships among three factors: the policy context, system design, and leadership. Systems with good leadership can at times overcome many of the constraints of poor design or incompatible policy environments, but good leaders will achieve better results with well-designed systems operating in supportive policy contexts. Systems with poor leadership may fall significantly short of their potential under the best of circumstances, but consistent performance that disappoints, despite changes in leadership, is clear evidence of systemic as well as people problems.

Policy contexts and system designs are the products of historical compromises among competing interest groups. Elected leaders and the professionals who work within higher education systems are notably and understandably reluctant to confront the conflict that reexamining past compromises inevitably causes. As a result, disappointment with higher education performance focuses initially on leadership, secondarily on system design and governance structures, and only by exception upon the policy instruments that create the incentives and disincentives within which system designs and leadership interact to produce outcomes.[14]

Part of the problem clearly results from the absence of information needed to answer questions about performance. Leadership and governance structures are attractive targets for change in the absence of credible information linking current and projected system performance to the issues that threaten future institutional efforts to meet anticipated state needs. This paper reports the experiences of elected and appointed leaders in six states as they addressed these dimensions of purposeful change. Specifically, this part of the paper reports:

- The extent to which leaders in each state assessed higher education performance and projected needs.
- The extent to which they identified incentives and disincentives for higher education institutions within the state policy context.
- The extent to which they evaluated system design and capacity.
- The extent to which they developed an action agenda aimed at reducing discrepancies between projected needs and performance.
- The level of consensus they were able to build about the importance of implementing the agenda.

Assessing Needs and Performance[15]

States ask two closely related questions when deciding whether there is an actual or potential gap between state needs and higher education performance: What does the state need and expect of its colleges and universities, including both public and private institutions? How well does the current performance of its colleges and universities meet state and public needs and expectations?

A state's approach to asking questions about goals and performance is strongly influenced by system design. As suggested above, state higher education systems can be loosely grouped into three basic designs. At least one state **(in bold)** using each type of design participated in the roundtable component of the Western Policy Exchange project.

Segmented Systems have two or more governing boards that supervise single institutions or groupings of institutions. No single statewide agency has statutory authority over all four of the key coordinating work processes: budgeting, program planning and approval, articulation, and providing information to elected policy officials and the general public. **Arizona,** California, Oregon, and Wyoming are the WICHE states that illustrate this configuration. **New Mexico** acts like a segmented state because of a policy environment that continues to reinforce institutional behaviors characteristic of the period before the state adopted its current design.

Arizona has no statewide agency responsible for providing performance assessment for all of higher education and the state did not formally assess needs or performance as part of its participation in the roundtables. Arizona has no statewide coordinating structure for any of the four key work processes. On issues of articulation and transfer, for example, a joint committee drawn from the governing body for four-year institutions and the coordinating board for community colleges develops recommendations that must then be ratified by the respective institutional governing boards.

As previously noted, New Mexico has a statewide Commission on Higher Education with statutory authority for budget review and funding recommendations, planning and coordination for all higher education sectors, and maintaining a higher education information system. The commission has general responsibility for setting a state policy agenda, serving as an advocate for change, and conducting special studies. Elected state leaders and institutional leaders, however, continue to work together directly in ways that undermine the influence of the commission. New Mexico, thus, has the structure of a federal system and the policy environment of a segmented system.

Unified Systems place all degree-granting, public higher education institutions under a single governing board, which works directly with the governor and the legislature on budgeting, program planning and approval, articulation, and in determining the available information about capacity and performance. Alaska, Hawaii, **Idaho, Montana,** Nevada, North Dakota, **South Dakota,** and Utah are examples of unified systems.

A State Board of Education/Board of Regents serves as the single constitutional board for all public education in Idaho. While the board referred participants in its first roundtable to Idaho-specific excerpts in WICHE's *Policy Indicators for Higher Education: WICHE States Regional Fact Book,* and a 1995 report on the *Roles and Missions of Public Institutions of Higher Education,* they did not conduct any formal assessment of needs and performance for the roundtables.

In Montana, the Board of Regents of the Montana University System has constitutional authority for overseeing two comprehensive, merged university subsystems and supervisory and coordinating authority over the state's community colleges. The Montana roundtable began with a presentation on demographic, workforce, and economic data, which furnished the context for a set of self-assessment questions that emerged from the discussion.

The Board of Regents governs all higher education in South Dakota. The state began its process of assessing needs and performance in 1995, using material from the Pew Higher Education Roundtable.

Federal Systems organize degree-granting public institutions under some range of governing boards that are required to work directly with a statewide

coordinating board with legislatively delegated authority for representing the public interest in such key decision processes as budgeting, program planning and approval, articulation among higher education institutions and with K-12, and in providing credible information about capacity and performance to policymakers and the public. Colorado and **Washington** are examples of federal systems.

The Washington Higher Education Coordinating Board has statutory responsibilities for a wide range of state higher education concerns that include planning, budget and funds allocation and role and mission statements. In consultation with elected officials, the board regularly engages in a statewide process that assesses higher education needs, reviews performance, identifies goals and proposes action agendas. The board's most recent state master plan was published in 1996.[16]

The first step in assessing the relationship between performance and needs in each state is to decide how key questions will be asked and by whom. States with segmented systems may have to negotiate topics with higher education leaders, as was the case in Arizona, unless they have a statewide structure charged with this responsibility, as in New Mexico. Alternatively, such states may choose to appoint blue ribbon committees or commission special studies by outsiders, an approach Arizona used before establishing its postsecondary voucher system. States with unified systems have goals and an action agenda produced by ongoing systemwide strategic planning. Their challenge is to create consensus among stakeholders around agenda items that should receive priority attention from elected officials. States with federal systems have an agency specifically charged with assessing system performance and capacity and proposing the actions to align performance and needs. The challenge for coordinating agencies is to satisfy both institutional leaders and elected officials that their assessments and plans strike the correct balance between institutional desires and the public interest. Periodically, governors may request a second opinion, as in the case of Washington's 2020 Commission, appointed by the governor.

While the process for assessment may vary depending upon the tools provided by a particular system's design, all states need to find ways of asking and answering similar questions. This paper identifies four broad areas for assessment and provides examples of the types of questions policy leaders can ask in deriving estimates of performance in relation to state needs. Depending upon circumstances, states may find it useful to ask a wider or narrower range of questions.

Student Access and Equity:

- How many students will be expected to enroll in the years 2005 and 2010? In which institutions? How well do these projections match the current or planned capacity of institutions?
- How, if at all, will the economic, geographic and age distributions of those enrolling differ from current patterns? Do institutions have educationally sound and financially responsible plans for providing the programs and services needed by their projected clientele?
- How far has the system progressed toward eliminating race and ethnicity as determinants of who enrolls and who graduates across the entire spectrum of undergraduate and graduate programs? Do trends and institutional plans suggest continuing progress toward equal access and comparable graduation?

Excellence:

- How successful are institutions in attracting students who are in the top percentiles of their high school graduating classes or recognized as national merit scholars? What proportion of entering students by institutional type are enrolled in remedial classes? Is the state a net importer or exporter of higher education students? How do these figures compare with peer states and with state aspirations?
- What proportion of entering students graduate in four years, six years, or ever? What proportion of baccalaureate graduates find relevant employment or pursue advanced graduate or professional degrees? What proportion of students completing vocational/technical programs or job training are placed in employment related to their education? How satisfied are policy leaders, students, parents and employers with these outcomes?
- What proportion of the faculty hold such honors as membership in the National Academies of Science or Engineering, or are recipients of other awards and honors? How much external funding for research and development do faculty generate? How do these descriptors compare with those of peer institutions in comparable states?

Costs and Affordability:

- How do present costs of educating college and university students differ across institutions? How do such costs compare with peer institutions in other states? Based on state revenue projections, are these costs sustainable for the foreseeable future?
- How are costs distributed between the state and the student? How does the payment burden that falls on students and their families compare with the burden in peer states? Are the costs to students and their families perceived by the public as fair? Do they support the state's aspirations for individual opportunity and economic development?

Responsiveness and Relevance:

- How responsive are institutional programs and services to the priorities and needs of state government, business leaders, health service agencies, the public schools, and public safety organizations?
- Are the types of institutions sufficiently diverse to serve all of the people in the state? Is the mix of programs and services that have evolved from past needs - graduate, professional, baccalaureate, technical, and occupational - appropriate and cost-effective for the future?
- How well are institutions and the state prepared to utilize the new electronic technologies to address access needs and the improvement of quality and productivity? How successful are state policies and funding procedures in promoting the investment and collaboration across institutional boundaries essential to the cost-effective use of technology?

Appraising the State Policy Context

States adopt different roles in trying to find an appropriate balance between the values of those who lead and staff their colleges and universities and the demands of other stakeholders who rely on higher education services. As *providers*, states build and maintain institutions under the assumption that the professionals who staff them will incorporate the interests of other stakeholders in the services they provide. As *regulators*, states determine the services institutions are expected to provide, specify those eligible to provide the services, control prices and constrain the uses to which

available resources can be put. As *consumer advocates*, states rely less on regulation and strengthen the role of market forces by redirecting some funding from institutions to students. As *helmsmen*, states steer higher education systems by structuring the market for services in ways that support governmental priorities.[17] The policy context influences performance by establishing the incentives and disincentives to which higher education systems and their leaders respond.

Characterizing states as providers, regulators, consumer advocates, or helmsmen can be misleading for two reasons. First, it suggests that state leaders over time have consciously chosen one or another of these roles. In reality, the policy environment in any state is the product of historical compromises that have typically followed no easily discernible pattern. Second, state policy contexts do not fit neatly into any one category. The large number of incremental decisions taken by different actors over time produces more of a patchwork quilt. The reality of mixed models is illustrated in this project in particular by New Mexico.

Neither professional values nor market influences are in themselves inherently good or bad. State policymakers have a wide array of options to strike an appropriate balance between institutional interests and market forces. They can restrict or encourage competition from for-profit providers; they can create new providers, such as the Western Governors University; they can offer incentives to new or existing nonprofit providers; or they can seek to protect the student markets of existing institutions. States can fund students directly on the basis of merit or need or both, or they can fund institutions. They can support institutions on a "maintain the asset" basis, on the basis of performance, or on the basis of performance and competition. They can act as the principal owner and operator of institutions (the maintenance approach). Or they can act as a consumer in the marketplace, purchasing instruction and research from the public and private institutions that meet their access, quality, and cost requirements. They can have procedural accountability through extensive rules and control mechanisms or they can hold institutions accountable for results and outcomes.

The trick is to find the balance that offers the right incentives to address the particular gaps a state has identified between needs and performance. Many states have given little systematic attention to identifying the incentives and disincentives present in the policy context they provide for higher education. The following questions can help states identify the policy role their state plays with respect to higher education and can suggest ways in which policy contexts can be altered to support action agendas.

Finance:

- What factors are considered in determining appropriations to higher education?
- How much emphasis does the state place on treating public institutions with similar missions the same regardless of performance?
- How important are full-time equivalent enrollments of traditionally college-ready students in distributing appropriations?
- How free are institutions to manage resources across expenditure categories for results?
- How free are public institutions to apply funds saved during one budget cycle to priorities they wish to pursue in a subsequent cycle?
- What is the state's posture on user fees and other attempts by public institutions to raise funds outside the traditional channels of tuition and state appropriations?

- What is the state's posture on outsourcing and other efforts at privatization?
- Does the state use competitive incentive funding to encourage institutions to pursue defined priorities?

Personnel:
- What statutory or policy constraints, if any, limit the capacity of institutions to make personnel changes in response to market changes?

Planning:
- Does the state engage in effective cross-institutional or cross-segmental planning to meet state needs?
- To what extent are private institutions included in statewide planning activities?
- How important are market influences in determining the supply, quality, and accessibility of higher education programs and services?
- How credible and comprehensive is the information about performance provided by institutions to consumers and to state policymakers?

Student Subsidies:
- How much emphasis does the state place on low tuition as the primary access strategy?
- Who determines the amount of tuition to be charged in public institutions?
- How tightly linked are changes in tuition charges to changes in available financial aid?
- Do tuition and financial aid policies encourage the use of capacity in private institutions to meet public higher education needs?

The decision in Arizona to focus state roundtables on teacher education was essentially the result of negotiations with leaders of the state's three universities. The topics initially proposed – technology and vision for the 21st century – were rejected as too controversial. While not a part of its roundtable process, Arizona has in the recent past addressed market forces through the adoption of post-tenure review for university faculty and the creation of a post-secondary student voucher plan. Neither of these initiatives were linked in any obvious way to each other or to any overall design for systemic change for higher education, however.

The New Mexico Commission began its participation in the roundtables by convening more than fifty leaders of government business and industry to consider the status and future of higher education. The roundtable set as its objectives informing participants about important demographic, economic, and educational trends and developing general agreements about the policy priorities that would best ensure that higher education would meet future state needs.[18] This effort by the commission was closely aligned with the work of the Excellence in Education Interim Committee of the state legislature. The first two roundtables were successful in building consensus on state objectives for higher education as well as in identifying changes in the policy environment needed to achieve objectives. The Excellence in Higher Education Legislative Committee participated heavily in the roundtables and used the results to develop seven bills that in aggregate would have brought greater clarity to state policy objectives for higher education, more explicitly linked state funding to the achievement of policy objectives, and developed accountability measures to assess progress. When this legislative package failed because of lack of gubernatorial support, leaders chose to focus the third roundtable on K-16 partnerships for teacher preparation and development, one of the eight policy goals identified in the initial roundtables.

The purpose of the initial Idaho roundtable was to provide a forum for the business community to express its needs and concerns. College and university presidents attended as resource persons and observers. Because of state open-meeting laws, the roundtable was open to the public, including representatives of the media. Following the first roundtable, each of the four senior institutions in the state conducted campus roundtables to develop a response to the issues raised. Reports of campus roundtables given at a second statewide roundtable contributed to the development of higher education priorities for change.

The Idaho roundtable process dealt explicitly with the role of the market by focusing on the responsibilities of higher education for serving the business community. The themes that emerged suggested changes participants viewed as needed: more collaboration to achieve state priorities, client- or student-centered delivery methods, more responsive and committed faculty, and more positive marketing. The absence of key legislators at the first two roundtables complicated discussion of needed changes in the policy context. A third roundtable achieved much stronger participation from elected leaders.

The Montana roundtable was convened to discuss a long-term vision for the system's contribution to the state. It began with a presentation on demographic, economic, and workforce data, which furnished the context for the set of self-assessment questions that emerged from the roundtable discussion. Montana higher education leaders found little consensus about the need for systemic change during their roundtable, perhaps because of the major restructuring plan that was implemented in 1994. Some participants argued that the state's geographic and economic constraints dictated continuing use of the existing system in traditional ways rather than development of a system that could be "all things to all people." In the absence of consensus about a vision for the future, the Board of Regents chose to pursue strategic planning to build internal consensus about an action agenda for legislative consideration. By the end of 1998, the Board of Regents was in the final stages of adopting a vision statement and strategic action plan that made use of the roundtable discussion along with other inputs.

During participation in the Western Policy Exchange, South Dakota conducted three statewide roundtables. The first focused specifically on whether funding structures allowed the state to set long-term goals and priorities for higher education. This roundtable contributed to the development of a new funding framework linking state funding to specific policy objectives. A second roundtable helped to create consensus among key state policymakers that the new framework was the preferred approach. South Dakota roundtables also addressed salary competitiveness and Board of Regent's accountability, both key aspects of the higher education/policy interface. The state also held four regional legislative roundtables in the fall of 1998 to increase legislative participation in the accountability roundtable. The extensive use of roundtables has helped South Dakota develop insights into systemic change and produced a policy agenda that enjoys significant legislative support.[19] The South Dakota experience has been a model for several of the other states participating in Western Policy Exchange roundtables.

The changing marketplace in higher education was a centerpiece of the Washington roundtable process as was competency-based credentialing, technology, and distance learning,. The intense and informed discussion of these topics provided legislators and higher education faculty and staff with solid grounding for the report of the governor's 2020 Commission. Among the many market-related recommendations in the

Commission report were: scholarships for all students earning certificates of mastery and graduating from high school; better information and counseling to help students and their families make wiser postsecondary education choices; incentive funding for institutions that improve quality or reduce costs, assessing what students learn rather than how long they spend in class; and eliminating regulations that restrict efficient institutional operation. The report also emphasized the importance of a coherent (systemic) strategy for change.[20]

Evaluating System Design and Capacity

System design encompasses the number and type of public institutions, the missions assigned to each, the characteristics and powers of agencies in the interface between state government and institutions, the number, capacity, and diversity of academic programs, and the use that is made of the private sector.

We have previously discussed characteristics that differentiate the three major governance designs: segmented, unified, and federal. Segmented designs tend to favor professional values. Segmented systems or institutions work directly with state government on issues like budgeting and program duplication. Where segmentation combines with constitutional status, institutions are largely shielded from governmental regulation. By contrast, federal systems incorporate an interface agency (coordinating board) that is specifically charged with looking after the public interest. Where interface agencies have effective state delegated authority over all four of the key work processes (budgeting, program planning and approval, articulation, and information), leaders have the necessary tools to achieve reasonable balance on an ongoing basis between institutional interests and market demands. Unified systems have the same tools for monitoring and changing performance as their federal counterparts, but the use of the tools depends upon effective leadership from system chief executive officers. Because federal systems separate responsibilities for governing from responsibilities for coordinating and assign each to a different board, they provide multiple opportunities for leadership and policy intervention making the change process more complex.

System design thus determines the tools policymakers have available to improve or change higher education performance. States make four sets of decisions when they design systems of higher education.

- *Decisions about governance* establish lines of authority and accountability between state government and providers.
- *Decisions about mission* divide responsibilities for achieving higher education goals among types of institutions.
- *Decisions about capacity* determine the availability, quality, and location of educational programs and services.
- *Decisions about work processes* determine the policy tools available to state government for managing higher education systems by defining responsibilities for four key work processes: collecting and disseminating information about performance; prescribing the framework for budgeting; planning and approving new sites, changes in mission, and new programs; and encouraging institutions to collaborate and see themselves as part of a system in working on such tasks as pre-college-to-college transitions and student transfer between colleges.

Differences in system design influence performance. States need a system design that includes diversification (differentiated missions), specialization (institutions doing what they do best), and experimentation (innovative use of new technologies) if they are to achieve priorities for higher education in a cost-effective way. They also need an interface that links institutions to one another and to state government. Each approach to system design has its own strengths and weaknesses. While there is no single best design in any absolute sense, some designs clearly perform some tasks better than others. Here are some of the questions that can help states assess the strengths and weaknesses of their designs for providing higher education services.

Governance and Work Processes:

Do the arrangements for governing and coordinating higher education institutions do an effective job of:

- Advocating state priorities to institutional constituencies?
- Advocating professional concerns to state government?
- Protecting academic integrity?
- Protecting the interests of other stakeholders?
- Providing public information about costs and performance?
- Controlling "mission creep" and unnecessary program duplication?
- Managing the budget process in ways that encourage institutions to collaborate in the efficient and effective use of resources to attain state priorities?
- Promoting institutional flexibility and initiative?
- Encouraging institutions to work together to expand educational opportunity and student mobility in cost-effective ways?

Mission:

- Does the mix of institutional types and their approved missions reflect a cost-effective balance among institutional aspirations, the expressed needs of citizens, and the capacity of the state to provide fiscal support?

Capacity:

- Are educational programs equitably distributed among urban and rural constituents, majority and minority citizens, and geographic regions?
- Do institutions have the capacity to meet projected enrollment demands within probable state fiscal constraints without sacrificing access or quality?

The Arizona roundtables focused primarily on the actions needed from internal "players" to respond to changes in state mandates for student academic standards and teacher preparation. System design considerations were confined to work processes related to improving collaboration and collecting and disseminating information.

The first two New Mexico roundtables contributed to seven bills that were subsequently introduced in the legislature. Of the six major issues addressed by these bills, four focused on system redesign (strengthen state level coordination, promote improved accountability, restrict the creation of additional campuses, and strengthen state level planning and coordination for technology). The remaining two focused on changes designed to improve alignment between the policy context and the system design (establish an excellence investment fund, provide funds to review and strengthen the integrity of state funding). Like Arizona, New Mexico conducted a roundtable on teacher preparation and development. Recommendations from the New Mexico

roundtable, however, focused less upon responses from within the system and more upon needed changes in the policy environment (incentive funding for professional development, loan forgiveness/grant incentive/lottery funding to encourage teacher preparation enrollments) or in system design (improved coordination among the commission, state board and each board of regents; and joint funding requests by the commission and the state board to support novice teachers and improve information feedback).

The first Idaho roundtable raised the question of how existing governance and coordinating arrangements can help to improve coordination between the corporate sector, higher education, and state government. In the process, business representatives identified deficiencies in both the policy environment and the design of the higher education system. By the second roundtable, the State Board of Education had approved a new role and mission statement designed to be more consumer oriented, to include the role of community colleges, and to place greater emphasis on cooperation and collaboration. A third roundtable involved the governor and legislators in continuing discussion of relationships between higher education and the corporate sector with a specific focus on the roles of community colleges and vocational/technical education. The third roundtable also addressed changing the policy environment by recommending scholarships to keep Idaho's best high school graduates in the state.

Montana went through an extensive redesign of its governing and coordinating arrangements in July 1994. The intent was to minimize competition among institutions, implement more collaborative programs, ensure effective student transfer, and improve allocation of resources to student programs and services. Participants were understandably skeptical of the merits of further changes in system design at the Montana roundtable. Instead, they focused on issues in the policy environment and on finding better ways to use their new system, perhaps through some sort of planning process. System leaders took this message to heart and used a strategic planning process to create their own vision for the system, which they now plan to test with policy leaders.

More than other participants in the roundtables, South Dakota comingled issues related to the policy context and system design as a conscious strategy for aligning the two in pursuit of systemic change.[21] Participants in the first Western Policy Exchange roundtable identified necessary changes in the policy environment including: explicit identification of state priorities, performance funding to link priorities and resource allocation, changing the focus of funding from institutions to the system, attracting more external funding, and incentives for institutions to enroll target populations. Concurrently, participants also considered such system design issues as capacity, program quality and availability, efficiency in providing programs, improving system information and accountability, developing a coordinated technology infrastructure, and achieving greater collaboration. Subsequent roundtables aimed at refining specific strategies and building consensus among elected leaders and the general public to support enactment of the necessary legislation.

Both Washington roundtables focused on making institutional representatives more cognizant of changes in the policy context related to the market, new technologies and distance education, and the move toward performance as a replacement for seat time in the award of credentials. The Higher Education Coordinating Board has ongoing responsibilities in Washington for assessing both the policy context and the system's design and making recommendations to

keep the two aligned with state priorities. Their most recent master plan examined system capacity and proposed an action agenda for state, public and independent institutions, prospective college students, and the coordinating board. In addition to addressing the policy context as previously described, the report of the governor's 2020 commission addressed a number of system design issues including capacity, the use of independent and for-profit providers, better K-16 collaboration, and statewide coordination of distance education. The commission also recommended narrowing the authority and responsibilities of the Higher Education Coordinating Board in two ways. The first would strengthen the authority of boards of regents and trustees while limiting the coordinating board to a primary role of planning. The second would establish an independent nonprofit organization to serve as an advocate for higher education.

IV. A Summary of Evidence of Systemic Change in Participating States

Our model suggests five questions that might be used to look for evidence of systemic change in the six states that completed at least one roundtable by the time this paper was written.

- To what extent did the change effort examine system performance in relation to stakeholder expectations?
- To what extent did the change effort consider the need for support from the policy environment?
- To what extent did the change effort consider system design as a key element in improving performance?
- To what extent did the change effort lead to an action agenda that identified any modifications in policy environment or system design required for improved performance?
- To what extent did the change effort build consensus among key stakeholders about the need for change and the actions required to bring it about?

South Dakota exhibited the most evidence of involvement in systemic change. The state was engaged in change activities prior to the beginning of the Western Policy Exchange project, has the tools furnished by a unified system, and made the strongest contribution to development of the criteria against which its participation is now being assessed.

New Mexico also exhibited strong evidence of involvement in a process likely to produce systemic change. A more sympathetic governor would have given New Mexico the same profile as South Dakota. Like South Dakota, New Mexico was a charter participant in the Western Policy Exchange roundtables. Unlike South Dakota, the state lacked a history of involvement in purposive change activity and leaders operated within the constraints of a policy environment that favored institutional interests over statewide priorities.

Idaho also offered substantial evidence of involvement in systemic change. To charter involvement in the project and a unified system design, Idaho brought strong leadership both from elected leaders and from its state board. The decision to focus roundtable activity on higher education/corporate relationships provided a productive focus for initiating a limited change process with systemic overtones as evidenced by roundtable outcomes.

Also a charter participant, Montana learned from its initial roundtable that participants did not believe that state circumstances warranted significant changes in either system design or the policy environment at present. Unlike many Western states, Montana faces a flat economy and little demand for additional higher education services. In addition, the legislature made important changes to system design in 1994. The message Montana leaders took from their involvement in the Western Policy Exchange roundtables was to pursue incremental improvements through the tools already available in the system's unified higher education design.

Roundtable activity in Washington was aimed at preparing legislators and higher education professionals to respond intelligently to a governor's commission, whose report was expected to set the change agenda for higher education in the next legislative session. Project activities in Washington have to be interpreted in light of the state's federal design, which assigns

to a statewide agency responsibility for routinely addressing most of the elements included within our model of systemic change, and in the context of its shorter period of participation.

Alone among the participating states, Arizona has no agency with statewide authority or responsibility for developing a change agenda for all of higher education. In this context, state higher education leaders negotiated a focused topic and applied aspects of the model that they found relevant. The evidence reflects the incremental way that segmented states such as Arizona approach change in all spheres. In one discussion of the concepts proposed in this paper, a system representative summarized the design of the Arizona system by noting that no model could describe the change process adequately unless it focused on the politics of relationships among institutions.

V. Concluding Observations

This view of systemic change is unavoidably incomplete. The performance of higher education systems is influenced by conditions or events that cannot be controlled (the contextual environment - political culture, economy, geography, and population demographics), by conditions or events that can be influenced but not controlled (the transactional environment - policy environments and system designs), and by those aspects that are under the control of faculty members and institutional leaders (institutional environments - providers of educational services).[22] By design, the Western Policy Exchange Project focused on the transactional environment. Nonetheless, we gained new appreciation for the importance of context in all of the participating states.

No single process can serve such diverse contexts equally well. Unified states have a single executive charged with responsibility for managing higher education and for building consensus among elected leaders about the need for changes in either system design or policy incentives. In unified states, roundtables are clearly effective tools for developing consensus about the need for changing system performance and for identifying the strategies most likely to bring change about. States with a federal design have a statewide agency charged with assessing performance and developing change agendas on a continuing cycle. In such states, roundtables are more likely to serve as a response to an unusual development, such as the appointment of the gubernatorial commission, or as a vehicle for encouraging institutions to devote greater attention to the implementation of changes about which there is already some consensus. In their pure form, segmented states lack any effective agency for building consensus about the need for statewide change. In such states, roundtables can be a highly effective strategy for bringing the major players together around issues where there is clear consensus about priority and need for change.

For all higher education systems, purposive change takes time. It would be unreasonable to look for evidence of changes in system performance within two years of the beginning of a change process. The evidence of changes in South Dakota have to be interpreted in light of the state's involvement in a purposive change process for more than five years. In the five remaining states, our evidence is related to a promising process. More time will be required to see if the process produces changes in performance.

- The most significant gap in our current understanding of systemic change has to do with how institutions change in response to state mandates or incentives. The Western Policy Exchange Project provided neither the time nor the resources to assess institutional responses to state processes. We can, however, at least speculate about the institutional dimension by examining three unanswered questions posed in an occasional paper from the ACE project on Leadership and Institutional Transformation.
- Do institutions have the ability to undertake transformation that is not entirely imposed from without?
- What makes some institutions more successful than others in undertaking transformational change?

- Do institutions that undertake intentional change have the ability and know-how to sustain a continued process of change?[23]

The answers to these questions may only emerge as insights from studies of institutional change are combined with those that illuminate the state role in structuring policy environments and designing systems that steer and support institutional efforts without dictating their precise shape.

We began the Western Policy Exchange Project with an understanding of systemic change that focused too narrowly on modifications to system design. The importance of the policy context as a distinct influence on performance has emerged from the experiences of the roundtable states. We now have a better understanding of the dimensions of that environment and how it may change both purposefully and as the unintended consequence of such uncontrollable forces (from the state perspective) as federal fiscal policy and student demographics. We have also developed a richer and more useful understanding of those dimensions of system design which state policymakers control and can reasonably alter and the time that may be required to change behaviors so that new designs achieve their intended effect. Most importantly, we have reached a new level of understanding about the degree to which system design and the policy context are linked in influencing performance.

Purposeful change begins with understanding the ways in which current performance falls short of desired performance. Purposeful change proceeds with the understanding that alterations to either the policy environment or to system design must be accompanied by appropriate modifications to the other. Finally, insights about state-level systemic change efforts must be linked to the actions of providers as they adapt to changes in policies or system designs. Not all states confront issues that require systemic change. But all states can benefit from approaching the changes they cannot avoid in more systemic ways. Because change in an age of technology increasingly depends upon regional and interstate coordination, organizations such as the Western Interstate Commission for Higher Education can play a key role in convening leaders to facilitate collaboration and the exchange of information.

Endnotes

[1] J Folger and D.P. Jones, *Using Fiscal Policy to Achieve State Education Goals: State Policy and College Learning* (Denver: Education Commission of the States, 1993).

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[3] Western Interstate Commission for Higher Education, *Western Policy Exchange: A Proposal Submitted to the W.K. Kellogg Foundation* (Boulder, CO: October 30, 1995).

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[5] P.B. Eckel and M. Green, *On Change: En Route to Transformation* (Washington, DC: American Council on Education, 1998).

[6] R.W. Jonsen,and C.D. Blanco, *Western Policy Exchange Project: Year Two Report*, (Boulder, CO: Western Interstate Commission for Higher Education, 1998), page 11 includes a more detailed discussion of reactions to earlier versions of the concept paper.

[7] Eckel, 9.

[8] J.B. Burns, *Leadership* (New York: Harper and Row, 1979), 307, 368, 396.

[9] Ibid.

[10] M.J. Wheatley, and M. Kellner-Rogers. "Self Organization: The Irresistible Future of Organizing," Strategy & Leadership (July/August 1996), 22.

[11] D. Yankelovich, *Coming to Public Judgment* (Syracuse, NY: Syracuse University Press, 1991), 98, 242-245.

[12] D. Dill, "Markets and Higher Education, an Introduction," Higher Education Policy, 10, No.3/4 (September/December, 1997), 164.

[13] Arizona has a Commission for Post-secondary Education created by executive order to assume the planning responsibilities called for by Sections 1202 and 1203 of the Federal Higher Education Act Amendments of 1972. The agency has no information capability and no assigned responsibilities that go much beyond the administration of assigned programs. The agency does not have a significant role in either the governance or the coordination of higher education.

[14] Richardson, Chapter 9.

[15] A detailed discussion of the assessment process will appear in *A Guide to Assessing Policy Environments And Governance Structures To Improve Higher Education Performance*, currently in preparation by the National Center for Public Policy and Higher Education. The material here draws on an early draft of the *Guide*.

[16] Washington State Higher Education Coordinating Board, *The Challenge for Higher Education: 1996 State of Washington Master Plan for Higher Education* (Olympia, WA: 1996).

[17] The first three roles are variations on those suggested by G.L. Williams, "The 'Marketization' of Higher Education: Reforms and Potential Reforms in Higher Education Finance," in *Emerging Patterns of Social Demand and University Reform: Through a Glass Darkly*, edited by D.D. Dill and B. Sporn (Tarrytown, NY: Elsevier Science, Inc. 1995), 170-171. The role of "helmsman" comes from D. Osborne and T. Gaebler, *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector* (Reading, MA: Addison-Wesley, 1992).

[18] New Mexico Commission on Higher Education, *Report on the Future of Higher Education in New Mexico* (Santa Fe, NM: May, 1998).

[19] Letter from Robert T. Tad Perry to Cheryl Blanco with attachments dated June 3, 1997.

[20] Governor's 2020 Commission on the Future of Post-Secondary Education, *Learning For Life* (Olympia, WA: October, 1998).

[21] See for example: *Long Term Funding Structures for Higher Education: South Dakota Roundtable* (Pierre, SD: South Dakota Board of Regents, June 30, 1997), 2.

[22] Ackoff, R. *The Democratic Corporation* (New York: Oxford University Press, 1995).

[23] Eckel, 9.